

REINVESTMENT DISTRICT CLARIFICATION

Prior Law _____

Iowa provides a sales tax exemption for certain building materials, supplies, and equipment used in the performance of a construction contract with a designated exempt entity. Previously, “designated exempt entity” only included the entities defined in Code Section 423.4, subsections 1 and 6.

New Provisions _____

2016 Iowa Acts House File 2468 expands the definition of “designated exempt entity” to include an entity that is an instrumentality of a county or municipal government, including an agent of the entity, if the instrumentality or agent was created for the purpose of owning real property located within a reinvestment district established under Iowa Code Chapter 15J. Such entities are entitled to a sales tax exemption on building materials, supplies, or equipment that are completely consumed in the performance of a construction contract to construct a project, which project has been approved by the economic development authority board in accordance with Chapter 15J.

Section Amended _____

Section 6 of 2016 Iowa Acts House File 2468 amends Section 423.3, Code 2016.

Effective Date _____

May 27, 2016, applicable to purchases made on or after May 27, 2016.